



Public Interest Research Group In Michigan

103 E. Liberty, Suite 202
Ann Arbor, MI 48104
(734) 662-6597 (ph)

info@pirgim.org
www.pirgim.org
(734) 662-8393 (fx)

**Testimony Before the Banking and Financial Services Committee
Regarding Senate Bill 309 (Breach Notification)
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David Pettit, PIRGIM Public Interest Associate
dpettit@pirgim.org
(734) 662-6597

Thank you, Representative Robertson, and also the entire Committee, for taking the time to address the important issue of identity theft before the close of this session.

My name is David Pettit, and I am the public interest associate for PIRGIM, the Public Interest Research Group in Michigan. PIRGIM is a statewide, non-profit, non-partisan, member-based organization that works on a variety of consumer protection and democracy issues such as identity theft and using energy efficiently. Confronting identity theft has been one of our top priorities for several years, and as a result we have had the opportunity to work with both Senator Bishop on the original Identity Theft Protection Act as well as Senator Johnson's staff on the creation of a security breach notification law, currently Senate Bill 309. I am pleased to say that after many drafts, we have been able to reach a working compromise that will both protect consumers and refrain from putting any undue financial burdens on businesses, and therefore PIRGIM supports the draft before you now.

In May, when this bill was last heard by the Senate Judiciary Committee, the language used allowed businesses to determine whether or not a security breach would put consumers at risk of having their identities stolen. This scenario creates a "don't ask, don't tell" situation where businesses could plead ignorance with any security breach and therefore not notify consumers that their personal information had fallen into the wrong hands. That language has since been replaced through a collaborative effort, and the new language requires businesses to notify Michigan residents of a security breach if their personal information was accessed by an unauthorized person unless no risk of identity theft exists. Once aware that their personal information has been compromised,

individuals can take preventative action such as placing fraud alerts on their credit reports to substantially reduce the risk of wrongful accounts being opened in their name.

However, Michigan still lacks one critical piece of legislation that helps prevent identity theft crimes from happening in the first place. Consumers should be able to “freeze” their credit report, which stops thieves from opening new fraudulent accounts by denying creditors the ability to issue new credit without a special personal identification number, much like those used with ATMs. Currently, 25 other states provide their residents with this effective tool against identity theft, but unfortunately Michigan does not.

Providing a strong security breach notification bill is the first step in addressing the evolving crime of identity theft though, and I am pleased to have had the opportunity to work on this bill with Senator Johnson’s staff. They have done a skillful job with this bill and PIRGIM and its members urge the Committee to pass the version of Senate Bill 309 before you.

Thank you for allowing me this opportunity to present this testimony, I would be happy to answer any questions at this point.